



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

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THE FRENCH MARKET CORPORATION, INC.

AN ENTERPRISE FUND OF THE CITY OF NEW ORLEANS

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**FINANCIAL STATEMENTS
TOGETHER WITH
INDEPENDENT AUDITOR'S REPORT
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8-9-00

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INDEPENDENT AUDITOR'S REPORT

To: The Board of Directors of
The French Market Corporation, Inc.

We have audited the accompanying balance sheet of the French Market Corporation, Inc. (the Market), an enterprise fund of the City of New Orleans, as of December 31, 1999 and 1998, and the related statement of revenue, expenses and changes in retained earnings and its cash flows for the years then ended. These financial statements are the responsibility of the Market's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provides a reasonable basis for our opinion.

As discussed in NOTE 1, the financial statements present only the activities of the French Market Corporation and are not intended to present fairly the financial position, results of operations and cash flows of the City of New Orleans in conformity with generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the French Market Corporation, Inc. as of December 31, 1999 and 1998, and the results of its operations and changes in its cash flows for the years then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. The accompanying supplementary information on pages 14 through 22 is presented for purposes of additional analyses and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

New Orleans, Louisiana
June 8, 2000

FRENCH MARKET CORPORATION, INC.
BALANCE SHEET
AS OF DECEMBER 31, 1999 AND 1998

ASSETS	1999	1998
CURRENT ASSETS:		
CASH	\$ 477,813	\$ 258,238
INVESTMENTS	213,727	204,894
RECEIVABLES:		
TRADE(net)	117,902	113,172
OTHER	108,421	122,775
TENANT ADVERTISING	17,098	15,037
PREPAID EXPENSES	47,405	34,117
TOTAL CURRENT ASSETS	982,366	748,233
RESTRICTED BOND FUND INVESTMENTS		
DEBT SERVICE	62,364	112,758
OPERATION AND MAINTENANCE	1,404,757	1,308,336
DEBT SERVICE RESERVE	175,655	261,000
MAINTENANCE RESERVE	50,187	50,168
COST OF ISSUANCE ACCOUNT	9,486	0
CONSTRUCTION	1,393,615	0
CAPITAL IMPROVEMENTS	1,618,114	1,422,717
TOTAL RESTRICTED ASSETS	4,714,178	3,154,979
PROPERTY, PLANT, AND EQUIPMENT, NET OF ACCUMULATED DEPRECIATION	7,357,563	7,099,139
OTHER ASSETS:		
UTILITY DEPOSITS	9,972	9,972
OTHER	85,741	111
TOTAL OTHER ASSETS	95,713	10,083
TOTAL	\$ 13,149,820	\$ 11,012,434

The accompanying notes are an integral part of these financial statements.

**FRENCH MARKET CORPORATION, INC.
BALANCE SHEET (CONTINUED)
AS OF DECEMBER 31, 1999 AND 1998**

LIABILITIES AND FUND EQUITY	1999	1998
LIABILITIES		
CURRENT LIABILITIES:		
ACCOUNTS PAYABLE	\$ 157,389	\$ 70,289
ACCRUED EXPENSES	423,227	232,980
OTHER LIABILITIES	8,043	9,747
RENTAL DEPOSITS	82,296	70,303
DUE TO CITY AGENCIES-NET	100,000	100,000
DEFERRED REVENUES	11,566	11,072
ACCRUED INTEREST PAYABLE	10,719	1,927
CURRENT PORTION OF REVENUE BONDS PAYABLE	<u>87,500</u>	<u>190,000</u>
TOTAL CURRENT LIABILITIES	<u>880,740</u>	<u>686,318</u>
LONG-TERM DEBT:		
REVENUE BONDS PAYABLE	<u>1,662,500</u>	<u>195,000</u>
TOTAL LIABILITIES	<u>2,543,240</u>	<u>881,318</u>
FUND EQUITY:		
CONTRIBUTED CAPITAL	<u>2,894,261</u>	<u>2,894,261</u>
RETAINED EARNINGS:		
RESERVE PER BOND INDENTURE	<u>4,714,178</u>	<u>3,154,979</u>
RESERVE FOR CAPITAL IMPROVEMENTS	<u>1,821,412</u>	<u>1,821,412</u>
TOTAL RESERVES	<u>6,535,590</u>	<u>4,976,391</u>
UNRESERVED	<u>1,176,729</u>	<u>2,260,464</u>
TOTAL FUND EQUITY	<u>10,606,580</u>	<u>10,131,116</u>
TOTAL	<u>\$ 13,149,820</u>	<u>\$ 11,012,434</u>

The accompanying notes are an integral part of these financial statements.

FRENCH MARKET CORPORATION, INC.
STATEMENT OF REVENUE, EXPENSES, AND CHANGES IN RETAINED
EARNINGS FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	1999	1998
OPERATING REVENUES:		
RENTAL INCOME	\$ 5,546,550	\$ 5,036,473
OTHER INCOME	688,528	714,256
	<u>6,235,078</u>	<u>5,750,729</u>
TOTAL OPERATING REVENUES		
OPERATING EXPENSES:		
GENERAL AND ADMINISTRATIVE	782,350	778,344
SHOPPING CENTER	1,393,970	1,290,636
FARMERS'/FLEA MARKET	486,792	614,866
PARKING LOTS	781,961	754,407
TENANT ADVERTISING	719,227	610,432
VISITOR'S CENTER	80,302	90,309
WASHINGTON ARTILLERY PARK	147,614	153,755
DEPRECIATION	579,780	573,591
BAD DEBT EXPENSE	7,998	32,259
	<u>4,979,994</u>	<u>4,898,599</u>
TOTAL OPERATING EXPENSES		
OPERATING INCOME	1,255,084	852,130
NONOPERATING REVENUE/(EXPENSES)		
INTEREST INCOME:	217,973	163,457
BOND INTEREST	(97,593)	(27,350)
	<u>120,380</u>	<u>136,107</u>
TOTAL NONOPERATING EXPENSES		
NET INCOME	1,375,464	988,237
(INCREASE)DECREASE IN RESERVED		
RETAINED EARNINGS PER BOND INDENTURE	(1,559,199)	103,335
RESERVE FOR CAPITAL IMPROVEMENTS	0	(850,000)
	<u>(1,559,199)</u>	<u>(746,665)</u>
NET CHANGE IN UNRESERVED RETAINED EARNINGS	(183,735)	241,572
RETAINED EARNINGS - UNRESERVED,		
BEGINNING OF YEAR	2,260,464	2,918,892
DISTRIBUTIONS (Note 9)	(900,000)	(900,000)
	<u>(900,000)</u>	<u>(900,000)</u>
RETAINED EARNINGS - UNRESERVED,		
END OF YEAR	<u>\$ 1,176,729</u>	<u>\$ 2,260,464</u>

The accompanying notes are an integral part of these financial statements.

**FRENCH MARKET CORPORATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:		
OPERATING INCOME	\$ 1,255,084	\$ 852,130
RECONCILIATION OF NET CASH FLOW FROM OPERATING ACTIVITIES:		
DEPRECIATION	579,780	573,591
BAD DEBT EXPENSE	7,998	32,259
CHANGES IN ASSETS AND LIABILITIES:		
NET RECEIVABLES	7,563	(17,703)
PREPAID EXPENSES	(13,288)	6,113
UTILITY DEPOSITS	0	(1,031)
OTHER ASSETS	(85,630)	(111)
ACCOUNTS PAYABLE	87,100	(3,721)
ACCRUED EXPENSES	190,247	28,590
OTHER LIABILITIES	(1,704)	(3,265)
RENTAL DEPOSITS	11,993	(377)
DEFERRED REVENUES	494	(3,762)
DUE TO OTHER AGENCIES	0	49,610
ACCRUED INTEREST PAYABLE	8,792	(848)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	<u>2,048,429</u>	<u>1,511,475</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
PAYMENTS FOR CAPITAL ACQUISITIONS	(905,932)	(42,542)
INTEREST ON INVESTMENTS	217,973	163,457
PURCHASE OF INVESTMENTS	(15,811,845)	(5,777,931)
SALE OF INVESTMENTS	15,153,543	4,229,934
Net Cash (Used) Provided in Investing Activities	<u>(1,346,261)</u>	<u>(1,427,082)</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
BOND PRINCIPAL REPAYMENTS	(385,000)	(170,000)
INTEREST PAID	(97,593)	(27,350)
NET CASH USED IN FINANCING ACTIVITIES	<u>(482,593)</u>	<u>(197,350)</u>
Net (Decrease) Increase in Cash	219,575	(112,957)
Cash, Beginning of Year	<u>258,238</u>	<u>371,195</u>
Cash, End of Year	<u>\$ 477,813</u>	<u>\$ 258,238</u>

The accompanying notes are an integral part of these financial statements.

**FRENCH MARKET CORPORATION, INC.
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

General – The French Market Corporation, Inc. (the Market) was formed January 1, 1972, by the City of New Orleans to provide for the operation and maintenance of the French Market Properties owned by the City of New Orleans. These properties include five buildings and the Farmers Market. The Market is a non-profit corporation that is owned by the City of New Orleans and administered by a Board of Directors consisting of twelve members appointed by the Mayor of New Orleans.

Basis of Accounting – The Market falls under the enterprise fund accounting method as described by Governmental Accounting, Auditing and Financial Reporting (GAAFR) principles which utilizes the accrual basis of accounting for financial purposes.

The financial statements of the Market are not intended to and do not present either the financial position, or results of operations of the City of New Orleans.

Restricted Investments – Pursuant to the official bond indenture, certain special accounts were established to segregate the receipt, investment and disbursement of funds legally restricted for the specific purpose of each special account.

- Bond Revenue Fund

All funds collected by the Market are deposited in the Revenue Fund. The funds on deposit in the Revenue Fund are transferred to the other special accounts as required by the bond indenture.

- Debt Service Account

Funds held for the credit of this fund are used for the payment of bond principal and interest on the payment dates established by the Indenture agreement.

- Operation and Maintenance Account

Funds held for the credit of the Operation and Maintenance Fund are used to pay the operating expenses of the Market.

- Debt Service Reserve Account

Funds held for the credit of the Debt Service Reserve Fund shall be transferred by the Trustee to the Debt Service Fund in such amount as may be necessary to pay the principal and interest on the bonds as the same respectively become due and payable whenever the funds held for the credit of the Debt Service Fund are insufficient.

- Maintenance Reserve Account

Funds held for the credit of the Maintenance Reserve Fund shall be held as a reserve for the purpose of paying the cost of emergency of major repairs, renewals and replacements with respect to the Market. Such costs are necessary for the safe or efficient operation of the Market or to prevent loss of revenue.

- Bond Redemption Account

Funds held for the credit of the Bond Redemption Fund shall be used for the redemption of bonds.

- Capital Improvement Account

Funds held for the credit of the Capital Improvement Fund shall be used to pay the cost of capital improvement projects made to the Market's properties.

Investments – All investments, restricted and unrestricted, are stated at cost, which approximates market.

Tenant Advertising – The lease agreement with most tenants provides that a sum equal to 1% of gross sales shall be paid by the tenants to the Market for the purpose of providing advertising, publicity and general business promotion of the Market. The Market must place all funds obtained from tenants for advertising in a trust to be used solely for the purpose previously stated.

Property, Plant and Equipment – Property, plant and equipment are recorded at cost. Maintenance and repairs are charged to operations as incurred, whereas significant renewals and betterments are capitalized. Deductions are made from property, plant and equipment for retirements.

Property, plant and equipment is depreciated on a straight-line basis over the following estimated useful lives of the assets:

Building and Improvements	10 – 50 years
Furniture, Fixtures, and Equipment	5 – 10 years
Vehicles	5 years

Accounts Receivable – It is the practice of management to provide an allowance for any account which in management’s opinion may not be collectible based upon a review of the current status of existing receivables.

Vacation and Sick Leave – All full-time classified employees of the Market hired prior to January 1, 1979 are permitted to accrue a maximum of 90 days of vacation (annual leave) and an unlimited number of days of sick leave (accumulated at a maximum of 24 days per year). Employees hired after December 31, 1978 can accrue a maximum of 45 days of annual leave and an unlimited number of sick leave. Upon termination of employment, an employee is paid for accrued annual leave based upon current hourly rate of pay and for accrued sick leave on a formula basis. If termination is the result of retirement, the employee has the option of converting accrued sick leave to additional years of service.

Income Taxes – The Market is owned by the City of New Orleans, and as such, no federal or state income taxes are assessed.

Reclassifications – Certain amounts have been reclassified for comparative purposes. Such reclassifications had no effect on net income for the respective years.

2. CASH

As of December 31, 1999, the Market had the following cash accounts and related FDIC insurance or other types of collateral to secure the Market's accounts.

<u>INSTITUTION AND ACCOUNT</u>	<u>BOOK BALANCE</u>	<u>BANK BALANCE</u>	<u>AMOUNT OF DEPOSITORY INSURANCE OR COLLATERAL</u>
<u>BANK ONE</u>			
69040-05-874	\$ 407,569	\$ 387,597	\$ 387,597
69040-04-840	69,544	195,624	195,624
CASH ON HAND	<u>700</u>	<u>-</u>	<u>-</u>
TOTAL	\$ 477,813	\$ 583,221	\$ 583,221

3. INVESTMENTS

The investments of the Market at December 31, 1999 consist of the following:

General Fund Investments	\$ 213,727
Restricted Bond Fund Investments	<u>4,714,178</u>
TOTAL	\$ <u>4,927,905</u>

State statutes authorize the City of New Orleans and all subdivisions, except for the Pension Trust Fund, to invest in U.S. bonds, treasury notes, and other federally-insured investments. The City of New Orleans also may invest in repurchase agreements secured by U.S. Government obligations.

The Market's investments are categorized below to give an indication of the level of risk assumed by the Market at year end. Category 1 includes investments that are insured or registered for which the securities are held by the Market or its agent in the Market's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the financial institution's trust department or agent in the Market's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the financial institution or by its trust department, or agent, but not in the Market's name.

	<u>CATEGORY</u>			<u>CARRYING</u>	<u>MARKET</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>VALUE</u>	<u>VALUE</u>
Short-term Government Securities	\$ 4,927,905	\$ 0	\$ 0	\$ 4,927,905	\$ 4,927,905

4. PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following:

	<u>1999</u>	<u>1998</u>
Building and Improvements	\$ 10,778,380	\$ 10,224,581
Market and Stall Equipment	392,566	365,046
Parking Lot	647,185	575,532
Office Equipment	192,084	145,592
Furniture and Fixtures	51,996	43,754
Vehicles	138,122	74,736
Visitors Center Equipment	25,844	25,844
Ursuline Floodwall Gate	472,398	472,398
Construction in Progress	65,502	102,359
Land	<u>99,917</u>	<u>0</u>
Sub-total	12,863,994	12,029,842
Accumulated Depreciation	(5,506,431)	(4,930,704)
Net Property, Plant, and Equipment	\$ <u>7,357,563</u>	\$ <u>7,099,139</u>

Depreciation charge to expense was \$ 579,780 and \$ 573,591 for 1999 and 1998 respectively.

5. REVENUE BONDS PAYABLE

Revenue Bond Payable consists of the following at December 31,:

	1999	
	<u>Current</u>	<u>Long-Term</u>
	\$ 87,500	\$1,662,500
6% First leasehold mortgage revenue bonds, dated June 1, 1973, due in annual principal installments ranging from \$90,000 to \$205,000 beginning June 1, 1977, final payment due June 1, 2000		

The principal payments due on the Revenue Bonds are as follows:

<u>YEARS ENDING DECEMBER 31,</u>	<u>PRINCIPAL AMOUNT OF BONDS TO BE LIQUIDATED</u>
2000	\$ 87,500
2001	87,500
2002	87,500
2003	87,500
2004, and thereafter	<u>1,400,000</u>
TOTAL	\$ <u>1,750,000</u>

The indenture, under which the revenue bonds were issued, provides for the establishment of certain restricted accounts (See NOTE 1).

The interest expense necessary to meet the above bond obligation is \$ 97,593 for the year ending December 31, 1999.

The bond indenture agreement requires that funds be deposited into the Debt Service Account monthly to cover bond principal and interest payments as they become due.

6. MINIMUM FUTURE RENTALS

The Market has entered into rental agreements which require the tenant to pay the market minimum monthly rental payments plus contingent rentals. These operating leases expire in various years through the year 2004.

Minimum future rentals to be received under the various operating leases as of December 31, 1999 for each of the next five (5) years and the sum of all leases expiring subsequent to 2004 in the aggregate are:

<u>YEARS ENDING DECEMBER 31,</u>	<u>AMOUNT</u>
2000	\$ 776,921
2001	557,870
2002	526,335
2003	391,502
2004	43,339
TOTAL	<u>\$2,295,967</u>

Minimum future rentals do not include the service of any options that may be available to the various tenants.

Minimum future rentals also do not include any contingent rentals that may be received under the lease agreements or other rentals. Contingent rentals received in 1999 and 1998 were \$ 705,992 and \$ 640,958; respectively.

7. TRADE RECEIVABLES (NET)

Trade receivables are presented net of allowance for doubtful accounts, which total \$ 117,902 for 1999. The Market's tenants are assessed penalties for various instances of non compliance with their respective lease terms, including late payments. The allowance for doubtful accounts is substantially comprised of these penalty balances. Due to the age of these balances, collection of the full amounts owed are doubtful.

8. DISTRIBUTIONS

The French Market Corporation distributed \$ 900,000 to the City of New Orleans. This amount represents a distribution of unreserved retained earnings of the French Market Corporation.

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

DESCRIPTION	1999			1998		
	MINIMUM	PERCENTAGE	TOTAL	MINIMUM	PERCENTAGE	TOTAL
BUILDING " A "						
CAFÉ DU MONDE	\$ 45,252	\$ 231,420	\$ 276,672	\$ 45,252	\$ 212,659	\$ 257,911
AUNT SALLY'S	60,512	180,970	241,482	60,512	154,888	215,400
COOKERY	26,475	1,038	27,513	26,475	658	27,133
MERRY CHRISTMAS	38,640	1,466	40,106	18,600	13,006	31,606
THE GIFT SHOP	30,000	10,783	40,783	30,000	7,623	37,623
EVANS	48,488	123	48,611	48,488	0	48,488
THE QUILT SHOP	25,500	28	25,528	25,500	491	25,991
CADEAUX EXPRESS	26,400	137	26,537	26,400		26,400
TOTAL BUILDING " A "	301,267	425,965	727,232	281,227	389,325	670,552
BUILDING " B "						
LITTLE TOY SHOP	23,787	22,883	46,670	23,787	26,114	49,901
ART TO WEAR	17,550	0	17,550	17,550	18,711	36,261
COTTON CABANNA CLUB	18,090	24,439	42,529	18,090	5,170	23,260
BIJOUTERIE	18,900	0	18,900	18,900	0	18,900
OLDE MARKET YOGURT	12,312	0	12,312	4,617	0	4,617
940 DECATUR CAFÉ	0	0	0	5,700	0	5,700
LIBERTY BANK	8,384	4,203	12,587	8,384	0	8,384
IT'S OUR SECRET	10,243	777	11,020	10,162	165	10,327
HEAD TO TOE	14,700	6,487	21,187	14,700	7,780	22,480
JAZZ & THINGS	17,050	403	17,453	17,050	133	17,183
TOTAL BUILDING " B "	\$ 141,016	\$ 59,192	\$ 200,208	\$ 138,940	\$ 58,073	\$ 197,013

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

DESCRIPTION	1999		1998	
	MINIMUM	PERCENTAGE TOTAL	MINIMUM	PERCENTAGE TOTAL
BUILDING " C "				
BELLA LUNA	\$ 61,992	\$ 180,750	\$ 61,992	\$ 165,361
NATIONAL PARK SERVICE	48,575	48,575	48,544	48,544
TOTAL BUILDING " C "	110,567	180,750	110,536	165,361
BUILDING " D "				
GAZEBO	64,720	1,064	64,719	0
CRAFT'S BAZAAR	25,319	22,012	25,600	17,650
MARKET CAFÉ	81,477	12,406	81,477	8,003
N.O. FOREIGN	15,977	0	0	0
TOTAL BUILDING " D "	187,493	35,482	171,796	25,653
BUILDING " E "				
CAFÉ GUMBOLAYA	81,548	4,603	65,811	2,546
ESKEW VOGT	0	0	2,088	0
TOTAL BUILDING " E "	\$ 81,548	\$ 4,603	\$ 67,899	\$ 2,546
		\$ 86,151		\$ 70,445

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF RENTAL INCOME (CONTINUED)
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

DESCRIPTION	1999		1998	
	MINIMUM	PERCENTAGE	MINIMUM	PERCENTAGE
OTHER RENTALS:				
PARKING LOTS	\$ 1,874,713	\$ 0	\$ 1,742,399	\$ 0
FARMERS' MARKET	244,826	0	221,425	0
FLEA MARKET	1,899,128	0	1,661,293	0
TOTAL OTHER RENTALS	4,018,667	0	3,625,117	0
TOTAL RENTAL INCOME	\$ 4,840,558	\$ 705,992	\$ 4,395,515	\$ 640,958

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF OTHER INCOME
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

<u>DESCRIPTION</u>	1999	1998
COMMON AREA ASSESSMENTS	\$ 379,722	\$ 362,004
TENANT ADVERTISING CHARGES	186,608	188,396
KIOSK	36,000	36,000
VISITORS CENTER SALES	0	4,982
MISCELLANEOUS	<u>86,198</u>	<u>122,874</u>
TOTAL OTHER INCOME	\$ <u>688,528</u>	\$ <u>714,256</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

**FRENCH MARKET CORPORATION, INC.
SCHEDULE OF OPERATING EXPENSES
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

DESCRIPTION	<u>1999</u>	<u>1998</u>
GENERAL AND ADMINISTRATIVE:		
PERSONAL SERVICES	\$ 357,801	\$ 389,969
CONTRACTUAL SERVICES	379,475	346,111
SUPPLIES AND MATERIALS	<u>45,074</u>	<u>42,264</u>
TOTAL GENERAL AND ADMINISTRATIVE	<u>782,350</u>	<u>778,344</u>
SHOPPING CENTER:		
PERSONAL SERVICES	612,572	667,645
CONTRACTUAL SERVICES	703,617	561,963
SUPPLIES AND MATERIALS	<u>77,781</u>	<u>61,028</u>
TOTAL SHOPPING CENTER	<u>1,393,970</u>	<u>1,290,636</u>
FARMERS/FLEA MARKET:		
PERSONAL SERVICES	369,393	402,603
CONTRACTUAL SERVICES	101,322	185,531
SUPPLIES AND MATERIALS	<u>16,077</u>	<u>26,732</u>
TOTAL FARMERS/FLEA MARKET	<u>486,792</u>	<u>614,866</u>
MOONWALK / ELYSIAN FIELDS PARKING LOTS:		
CONTRACTUAL SERVICES	781,961	754,407
TOTAL PARKING LOTS	<u>781,961</u>	<u>754,407</u>
TENANT ADVERTISING:		
CONTRACTUAL SERVICES	719,227	610,432
TOTAL TENANT ADVERTISING	<u>719,227</u>	<u>610,432</u>
VISITORS CENTER:		
PERSONAL SERVICES	74,506	81,205
CONTRACTUAL SERVICES	5,455	8,897
SUPPLIES AND MATERIALS	<u>341</u>	<u>207</u>
TOTAL VISITORS CENTER	<u>80,302</u>	<u>90,309</u>
WASHINGTON ARTILLERY PARK:		
PERSONAL SERVICES	60,362	65,789
CONTRACTUAL SERVICES	82,215	83,138
SUPPLIES AND MATERIALS	<u>5,037</u>	<u>4,828</u>
TOTAL WASHINGTON ARTILLERY	147,614	153,755
DEPRECIATION	579,780	<u>573,591</u>
BAD DEBT EXPENSE	<u>7,998</u>	<u>32,259</u>
TOTAL OPERATING EXPENSES	\$ <u>4,979,994</u>	\$ <u>4,898,599</u>

SEE ACCOMPANYING INDEPENDENT AUDITORS REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
SCHEDULE OF ACCOUNTS RECEIVABLE - TRADE
AS OF DECEMBER 31, 1999 AND 1998

<u>TENANT</u>	RENTALS	COMMON AREA	TOTALS	
			1999	1998
ART TO WEAR	\$ 0	\$ 1,240	\$ 1,240	\$ 1,315
QUILT SHOP	0	0	0	1,990
AUNT SALLY'S PRALINES	17,944	4,299	22,243	21,151
CAFÉ DU MONDE	19,816	2,942	22,758	21,128
COOKERY N' ORLEANS STYLE	0	1,876	1,876	1,035
LITTLE TOY SHOP	1,426	1,679	3,105	4,609
BELLA LUNA RESTAURANT	20,294	9,193	29,487	22,068
GAZEBO	0	(111)	(111)	3,831
FRAMING MARKET	139	0	139	0
EVAN'S CREOLE CANDY	59	3,793	3,852	4,101
MERRY CHRISTMAS / ALL THAT JAZZ	0	2,014	2,014	494
PERAZA & MAYMONE	1,420	0	1,420	0
ABOU DIOKANE	(396)	0	(396)	0
HEAD TO TOE	804	(41)	763	2,090
IT'S OUR SECRET	58	612	670	680
OLD CRAFT COTTAGE	0	1,806	1,806	0
BIJOUTERIE	0	1,335	1,335	1,476
NATIONAL PARK SERVICE	4,049	0	4,049	4,046
LATIN HANDS		851	851	2,315
COTTON CABANA CLUB	928	1,159	2,087	1,324
ART ATTACK	0	0	0	329
ROBERT PARKER	26	191	217	0
CAFÉ GUMBOYALA	0	5,984	5,984	6,383
CADEAUX EXPRESS	0	1,821	1,821	2,065
AFRICAN ART	0	178	178	37
LIBERTY BANK	30	235	265	968
JAZZ & THINGS	0	1,266	1,266	1,452
WOODWORKS	0	0	0	248
LENNY'S NEWS STAND	1,217	0	1,217	0
FM GIFT SHOP	691	2,130	2,821	2,975
MEDITERRANEAN	0	3,286	3,286	0
OLD MARKET YOGURT	0	0	0	1,347
MARKET CAFÉ'	0	0	0	3,715
N.O. FOREIGN	0	1,451	1,451	0
ART ATTACKS	0	208	208	0
TOTAL ACCOUNTS RECEIVABLE- TRADE	\$ 68,505	\$ 49,397	\$ 117,902	\$ 113,172

TOTAL A/R DOES NOT INCLUDE DELINQUENT FEE PAYMENTS
RECEIVED FROM TENANTS SUBSEQUENT TO YEAR END.

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF ACCOUNTS RECEIVABLE - OTHER
 AS OF DECEMBER 31, 1999 AND 1998

<u>DESCRIPTION</u>	<u>1999</u>	<u>1998</u>
TENANTS	\$ 1,025	\$ 1,706
BELLSOUTH	189	8,599
W.J. MILLER ENT.	38	37
TMM GROUP	0	2
PARKING LOT	73,033	75,691
FARMERS MARKET	538	1,243
RUSSELL GORE	130	680
LA COCA-COLA	403	726
UPPER PONTALBA	<u>33,065</u>	<u>34,091</u>
TOTAL ACCOUNTS RECEIVABLE-OTHER	\$ <u>108,421</u>	\$ <u>122,775</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF ACCOUNTS RECEIVABLE - TENANT ADVERTISING
 AS OF DECEMBER 31, 1999 AND 1998

<u>TENANT</u>	<u>1999</u>	<u>1998</u>
AUNT SALLY'S PRALINES	\$ 2,874	\$ 2,684
CAFÉ DU MONDE	3,931	3,632
QUILT SHOP	0	205
CAFÉ GUMBOLAYA	634	548
FRENCH MARKET CANDLE SHOP	0	0
COOKERY N' ORLEANS STYLE	156	195
MARKET CAFÉ	0	655
LITTLE TOY SHOP	426	592
BELLA LUNA RESTAURANT	4,593	3,311
GAZEBO	1,126	343
EVAN'S CREOLE CANDY	513	488
MERRY CHRISTMAS / ALL THAT JAZZ	164	497
ROBERT PARKER	31	0
MEDITERRANEAN CAFÉ	732	0
HEAD TO TOE	253	248
IT'S OUR SECRET	124	152
OLD CRAFT COTTAGE	170	0
ART TO WEAR	59	47
BIJOUTERIE	115	107
LATIN HANDS	249	244
COTTON CABANA CLUB	187	122
CADEAUX EXPRESS	202	244
JAZZ AND THINGS	144	152
N.O. FOREIGN	(20)	0
OLD MARKET YOGURT	0	66
ART ATTACKS	42	38
AFRICAN ART	(18)	(69)
FM GIFT SHOP	399	391
LIBERTY BANK	12	145
TOTAL ACCOUNTS RECEIVABLE- TENANT ADVERTISING	\$ <u>17,098</u>	\$ <u>15,037</u>

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

FRENCH MARKET CORPORATION, INC.
 SCHEDULE OF CASH RECEIPTS AND DISBURSEMENTS
 RESTRICTED ASSETS
 FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

	BOND REVENUE	OPERATION AND MAINTENANCE	DEBT SERVICE	DEBT SERVICE RESERVE	MAINTENANCE RESERVE	BOND REDEMPTION	CONSTRUCTION FUND	COST OF ISSUANCE	CAPITAL IMPROVEMENTS	1999	1998
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	\$ 0	\$ 1,308,336	\$ 112,758	\$ 281,000	\$ 50,168	\$ 0	\$ 0	\$ 0	\$ 1,422,717	\$ 3,154,979	\$ 3,258,314
CASH RECEIPTS:											
Interfund Transfer	5,954,705	4,097,566	208,537	214,619	0	1,285,625	1,486,881	48,500	133,291	13,429,724	8,744,940
Capital Gain	0	0	0	0	0	0	0	0	0	0	0
Interest Received	522	69,289	3,674	10,048	3,490	0	41,887	330	71,275	200,615	154,227
TOTAL CASH RECEIPTS	5,955,327	4,166,855	212,211	224,667	3,490	1,285,625	1,528,768	48,830	204,566	13,630,339	8,899,167
TOTAL CASH AND CASH EQUIVALENTS AVAILABLE	5,955,327	5,475,191	324,969	485,667	53,658	1,285,625	1,528,768	48,830	1,627,283	18,785,318	12,157,481
CASH DISBURSEMENTS:											
Interfund Transfers	5,955,327	4,062,730	262,197	94,265	3,215	1,285,625	0	0	1,218	11,664,578	4,558,071
Principal Payments	0	0	0	214,619	0	0	0	0	0	214,619	198,200
Interest Payments	0	0	0	0	0	0	0	0	0	0	0
Transfers to Disbursements	0	0	0	0	0	0	130,562	39,344	0	169,905	0
Cash Account	0	0	0	0	0	0	0	0	0	0	0
Trustee Fees	0	7,704	408	1,128	255	0	4,591	0	7,951	22,037	4,240,052
Other Disbursements	0	0	0	0	0	0	0	0	0	0	6,179
TOTAL CASH DISBURSEMENTS	5,955,327	4,070,434	262,605	310,012	3,471	1,285,625	135,153	39,344	9,169	12,071,140	9,002,502
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 0	\$ 1,404,757	\$ 62,364	\$ 175,655	\$ 50,187	\$ 0	\$ 1,393,615	\$ 9,486	\$ 1,618,114	\$ 4,714,178	\$ 3,154,979

SEE ACCOMPANYING INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

To: The Board of Directors of
The French Market Corporation, Inc.

We have audited the financial statements of the French Market Corporation, Inc. as of December 31, 1999 and 1998, and for the years then ended, and have issued our report thereon dated June 8, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the French Market Corporation's financial statements are free of material misstatement, we performed tests of the French Market Corporation's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the French Market Corporation's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain immaterial instances of noncompliance that we have reported to management of the French Market Corporation in a separate letter dated June 9, 2000.

This report is intended for the information of the Board of Directors, management, and the City of New Orleans. However, this report is a matter of public record and its distribution is not limited.

New Orleans, Louisiana
June 8, 2000

**FRENCH MARKET CORPORATION
UPDATE OF PRIOR YEAR FINDINGS
DECEMBER 31, 1999**

There were no findings for this organization in the prior year.



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

To the Senior Management and
The Board of Directors of
French Market Corporation

In planning and performing our audit of the financial statements of The French Market Corporation for the year ended December 31, 1999, we considered the Market's internal control in order to determine our auditing procedures for the purpose of expressing an opinion on the financial statements and not to provide assurance on internal control. However, during our audit, we became aware of several matters that are opportunities for strengthening internal controls and operating efficiency. This letter does not affect our report dated June 8, 2000 on the financial statements of The French Market Corporation.

We will review the status of these comments during our next audit engagement. We have already discussed many of these comments and suggestions with various Organization personnel, and we will be pleased to discuss these comments in further detail at your convenience, to perform any additional study of these matters, or to assist you in implementing the recommendations. Our comments are summarized as follows:

Financial Statements

Condition:

The French Market Corporations' financial statements and required audit schedules were not completed in a timely manner by the accountant.

Effect:

There were various accruals and other year-end adjustments that were being posted during our audit fieldwork, which caused a significant delay in audit fieldwork and completion of the audit report.

Cause:

We are uncertain as to the cause of the delay in completing the financial statements.

Recommendation:

We recommend that the accountant ensure that financial statements are completed in a timely manner.

Management Corrective Action Plan:

There were delays this year in completing the financial statements and audit schedules due to our accountants' absence for one month. We have implemented a monthly close-out schedule which prompts the completion of financial statements and details following

the close of each month. Our business manager will monitor the compliance with those deadlines and inform the executive director of any exceptions.

Salary Expense Not Departmentalized

Condition:

Salary expenses for various departments at The French Market Corporation were not categorized appropriately.

Effect:

Salary expenses for each department were not comparable to prior year expenses and yet the Market's overall staffing did not change. Salary expenses had to be reclassified during audit fieldwork.

Cause:

We were informed by the French Market Corporations' accountant that the salary expenses were no longer being departmentalized by the City of New Orleans and due to time constraints she was unable to reclass them prior to audit fieldwork.

Recommendation:

We recommend that salary expenses be properly categorized as they are incurred.

Management Corrective Action Plan:

During the 1999 fiscal year, the City of New Orleans began utilizing a new computer system that does not provide a departmentalized detail of payroll expenses. Consequently, the payroll information received from the City for the French Market Corporation has to be detailed by department prior to posting the expenses to the general ledger. These payroll expenses are currently posted on a bi-weekly basis (as expenses are incurred) to the general ledger by department. This exception occurred last fiscal year due to the backlog of accounting tasks during the extended absence of our accountant.

This report is intended solely for the information and use of the Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.



New Orleans, Louisiana
June 9, 2000



LUTHER C. SPEIGHT & COMPANY

A Corporation of Certified Public Accountants
and Management Consultants

To the Senior Management and
The Board of Directors of
French Market Corporation

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New Orleans, Louisiana
June 9, 2000